

SUPPORTING YOUR BUSINESS ESTABLISHMENT

12TH JAPAN-GERMANY INDUSTRY FORUM,
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Investor Consultancy Services

GTAI advises and supports foreign companies to establish business in Germany. Our free of charge investment consultancy include:



Investor Consultancy Services

GTAI helps you to understand the business framework in Germany.

INCORPORATION

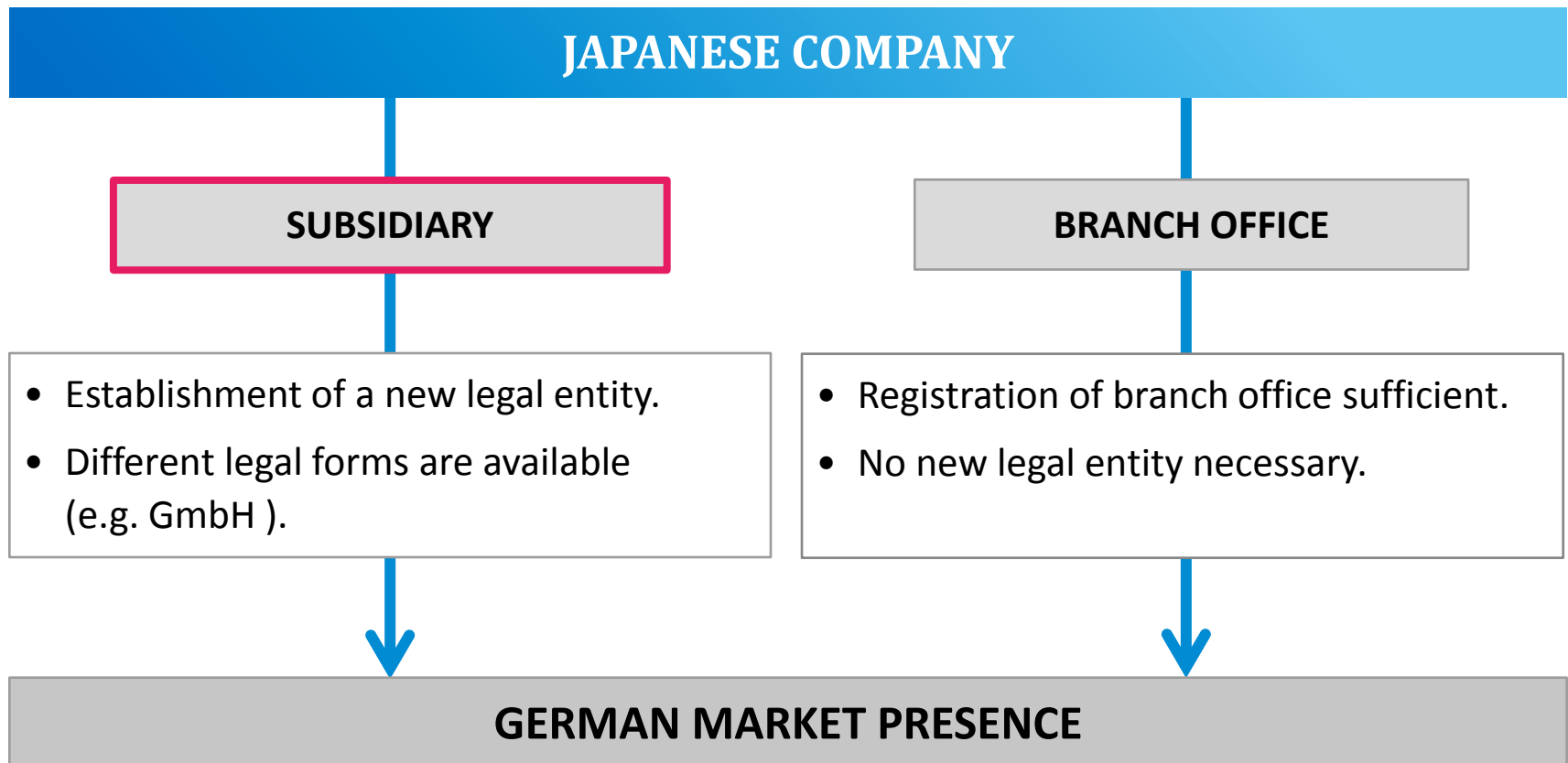
TAXATION

HR

INCENTIVES

Incorporation

A German market presence can be established in different ways.



Incorporation

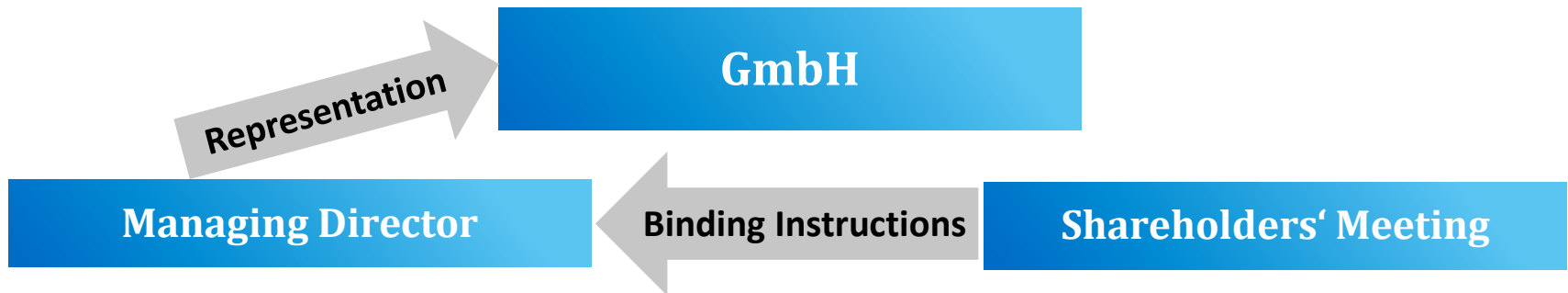
The German private limited liability company (GmbH) is the most widely used legal form for corporations in Germany.

GmbH

- Combines high flexibility with relatively few obligations.
- Well-known company form with good reputation not only within Germany.
- Requires a minimum share capital of EUR 25,000.
- The liability of the shareholders is limited to their respective contribution.

Incorporation

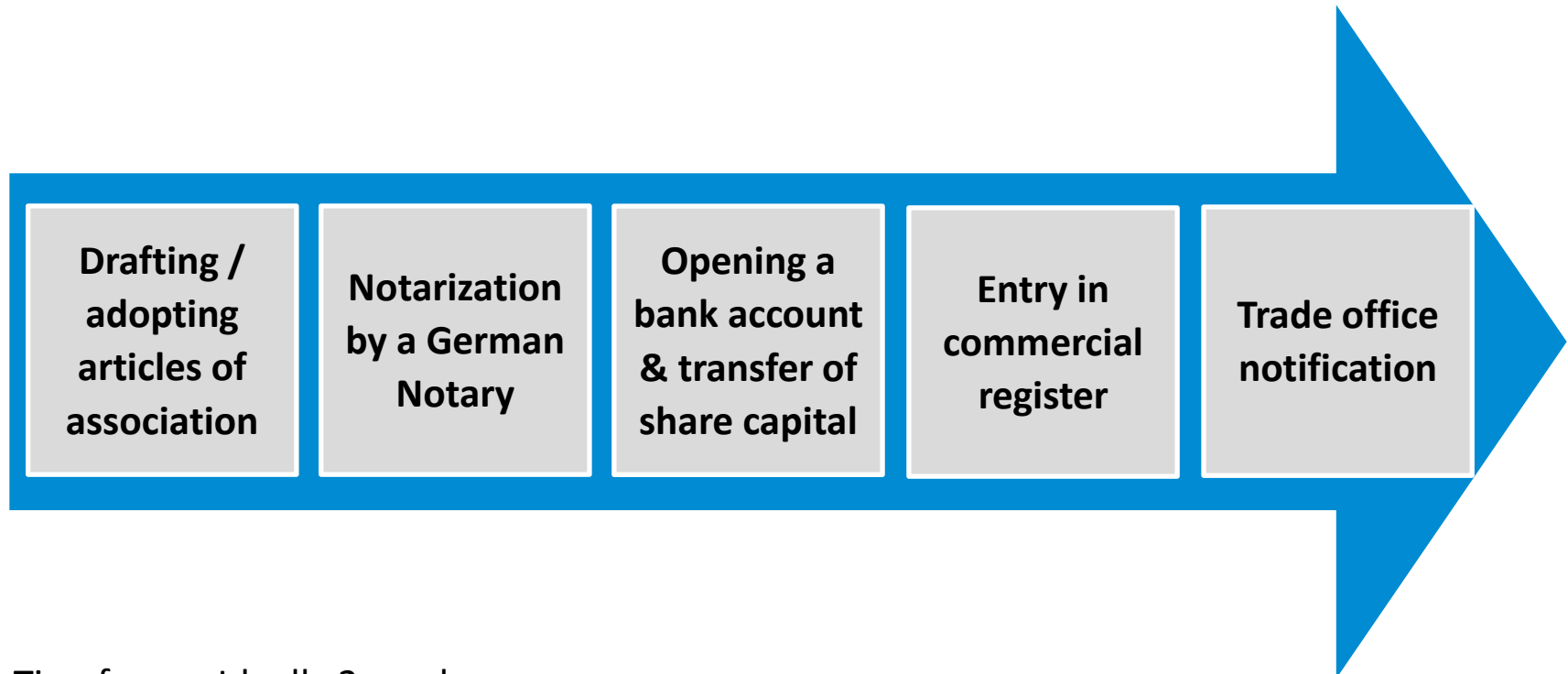
Corporate Structure: The GmbH has two mandatory bodies.



- The managing director(s) represent(s) and manage(s) the GmbH.
- The shareholders' meeting is the supreme body and can issue directions binding the management.
- There are **no** requirements regarding nationality or domicile of the managing director or the shareholders.
- German business address as well as a local representative are required.

Incorporation

The incorporation of a GmbH is straightforward with well-defined steps – Keyperson German Notary.



Timeframe: Ideally 2 weeks

Establishment costs for a standard GmbH: ~ EUR 800

Corporate Taxation

Profitable permanent establishments are subject to corporate income taxation in Germany –no consistent nationwide tax rate.

Components of income taxation of corporations

Corporate Income Tax: 15 %
(Körperschaftsteuer)

Solidarity Surcharge: 0.825 %
(Solidaritätszuschlag)

Local Trade Tax: Rates vary locally
(Gewerbsteuer)

15.825 %
(nationwide fixed
rate)

Minimum: 7%
Average: 14%

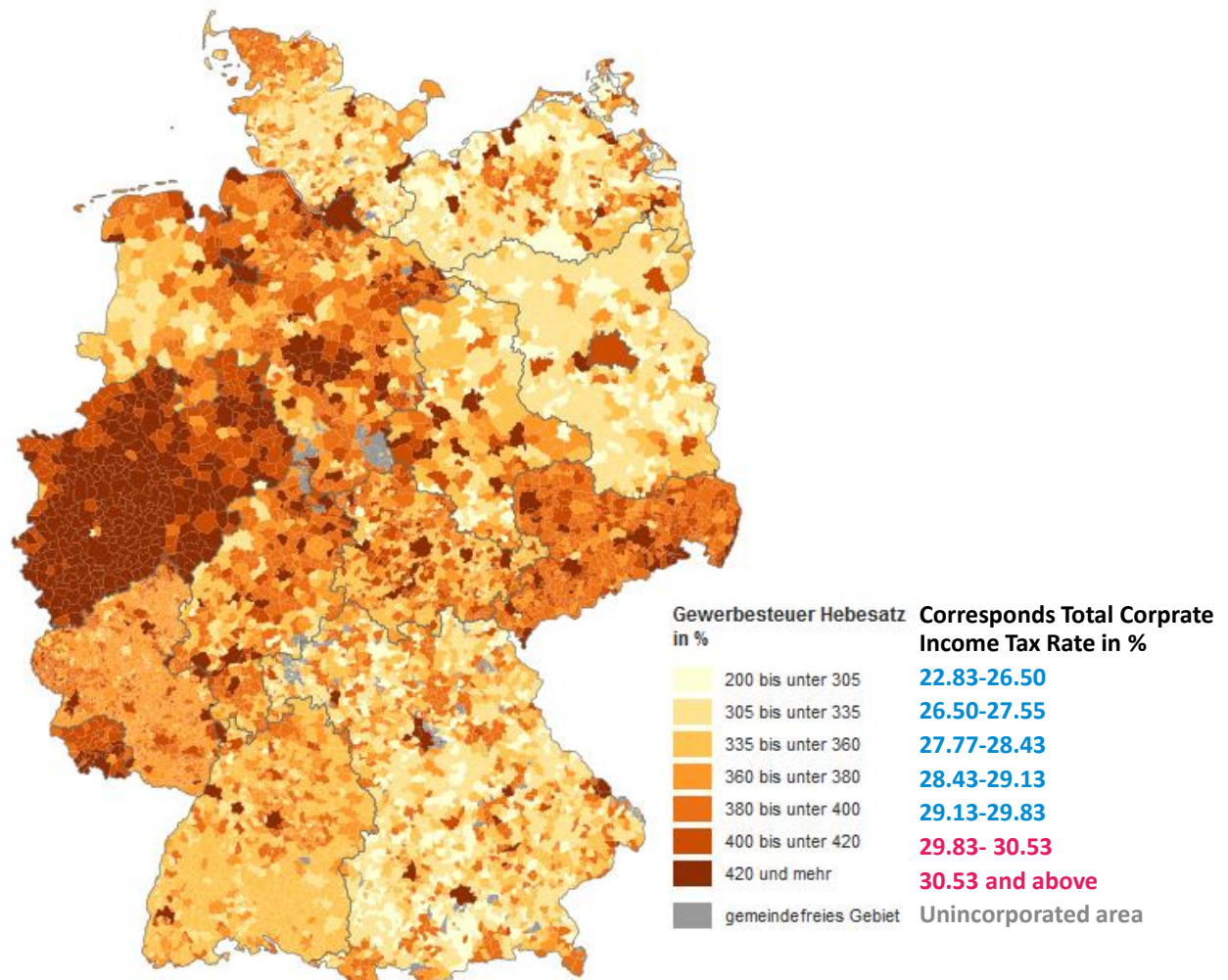
**Overall Corporate
Income Tax Rate**

**German Average:
29.825 %**

**German Minimum:
22.825 %**

Corporate Taxation

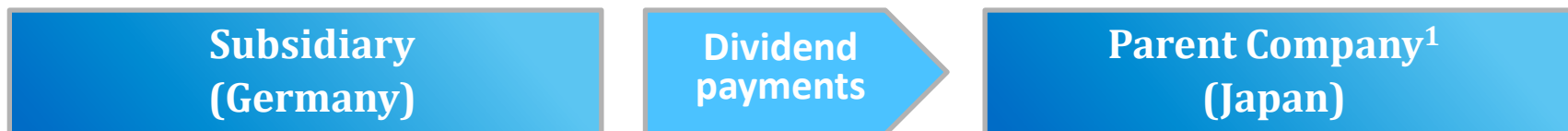
Interactive map tool for tax rates provided by the German Federal Statistics Office



© [Statistisches Bundesamt](#), Wiesbaden 2016, © GeoBasis-DE / [BKG](#) 2016 (Gebietsstand 31.12.2015, Daten verändert), Diese Karte nutzt [mapmap.js](#) von Florian Ledermann., [Hinweise zur Datenquelle](#)
<https://www.destatis.de/DE/ZahlenFakten/GesellschaftStaat/OeffentlicheFinanzenSteuern/Steuern/Steuerhaushalt/Karte/Hebesaetze.html>

Corporate Taxation

The new favorable DTA between Japan and Germany applicable from 2017 will have positive effects for Japanese subsidiaries in Germany.



Withholding Tax² on Dividends

- **Exempt (0%** : Japanese corporation holding at least **25%** of the voting stock for **18 months**.
- **5%**: Japanese corporation holding at least 10% of the voting rights for 6 months.
- **15%** in other cases.

1) Dividends paid by the corporate parent company to its shareholders may also be subject to taxation according to Chinese tax law.

2) Notwithstanding the taxation rate stipulated under the applicable DTA, a flat-rate 25% Withholding Tax (+ 1.375% solidarity surcharge) is levied directly from the dividend paying German subsidiary company, at the time of payout. Any difference between the Withholding Tax and the dividend tax rate effectively applicable under the DTA can be refunded, alternatively shareholders can apply for an advance exemption from excess Withholding Tax.

HR

Hiring of employees - excellent and productive workforce.

**Highly
Educated
Workforce**

**Stable and
Moderate
Labor Cost**

**Low Indirect
Labor Costs**

**Stable Labor
Relations**

**Highly
Motivated
Workforce**

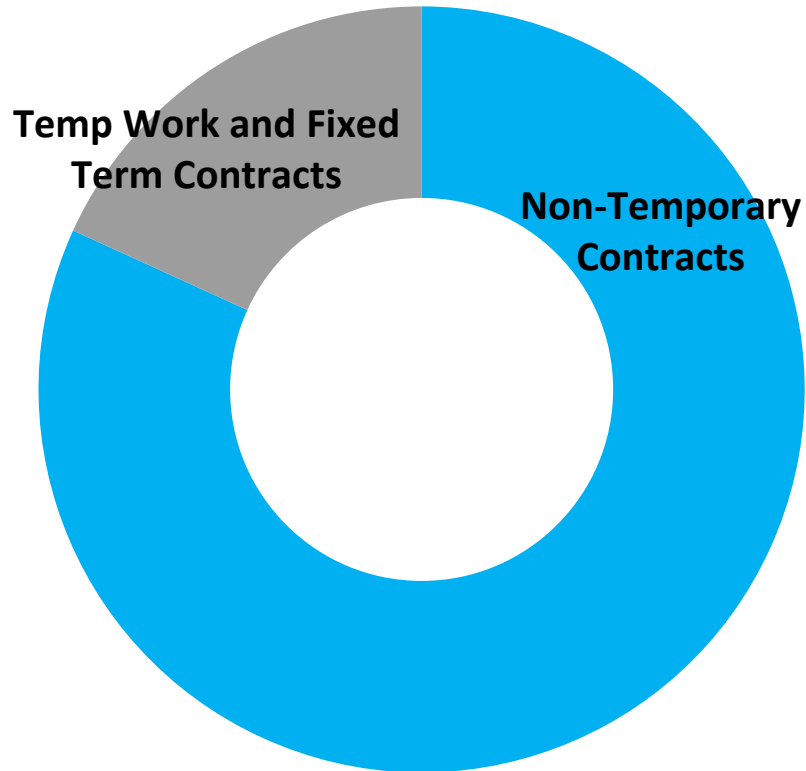
**High
Productivity
Rate**

**Sophisticated
Production
Processes**

**EU's largest
Researchers'
Pool**

HR

Fixed-termed contracts and temporary employment provide flexible solutions for employers and account for around 20 % of all contracts.



Non-Temporary Contracts:

- Probationary Period (**6 months**) as a rule.
- If more than 10¹ employees, regular termination requires a **justified reason** (personal, conduct-related or operational)

Fixed-Term Contracts:

- Generally limited to **two** years
- Newly established companies in Germany benefit from a limitation up to **four years**.

Temporary Employment:

Extra flexibility in temporary phases – **18 months' limit** from April 2017.

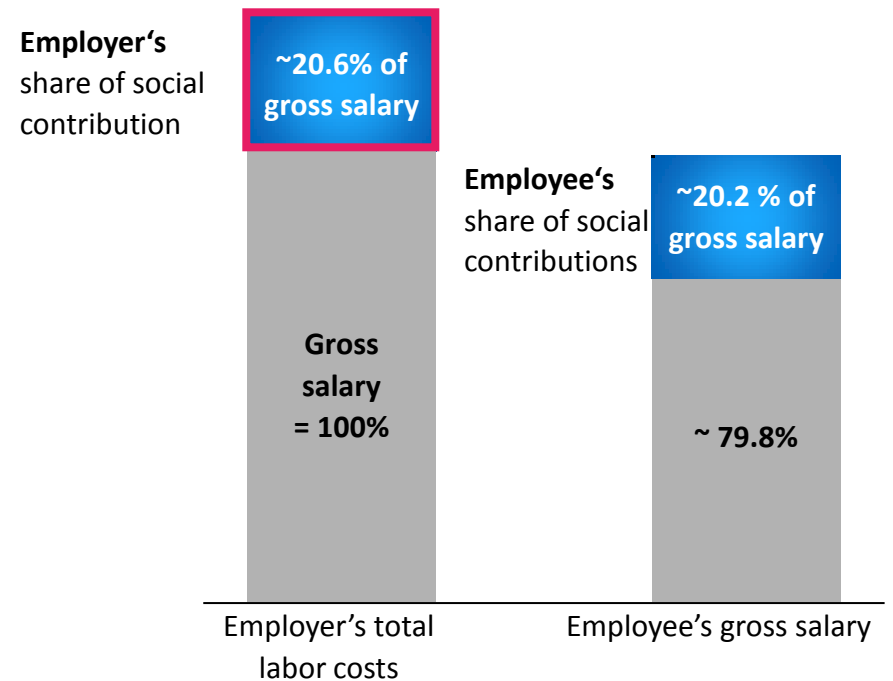
1) With respect to continuous employment relationships of more than six months in the same company.

HR

Employees are as a rule compulsory insured with social security – contributions are shared between employer and employee.

German Social Security Branches (% of gross salary)

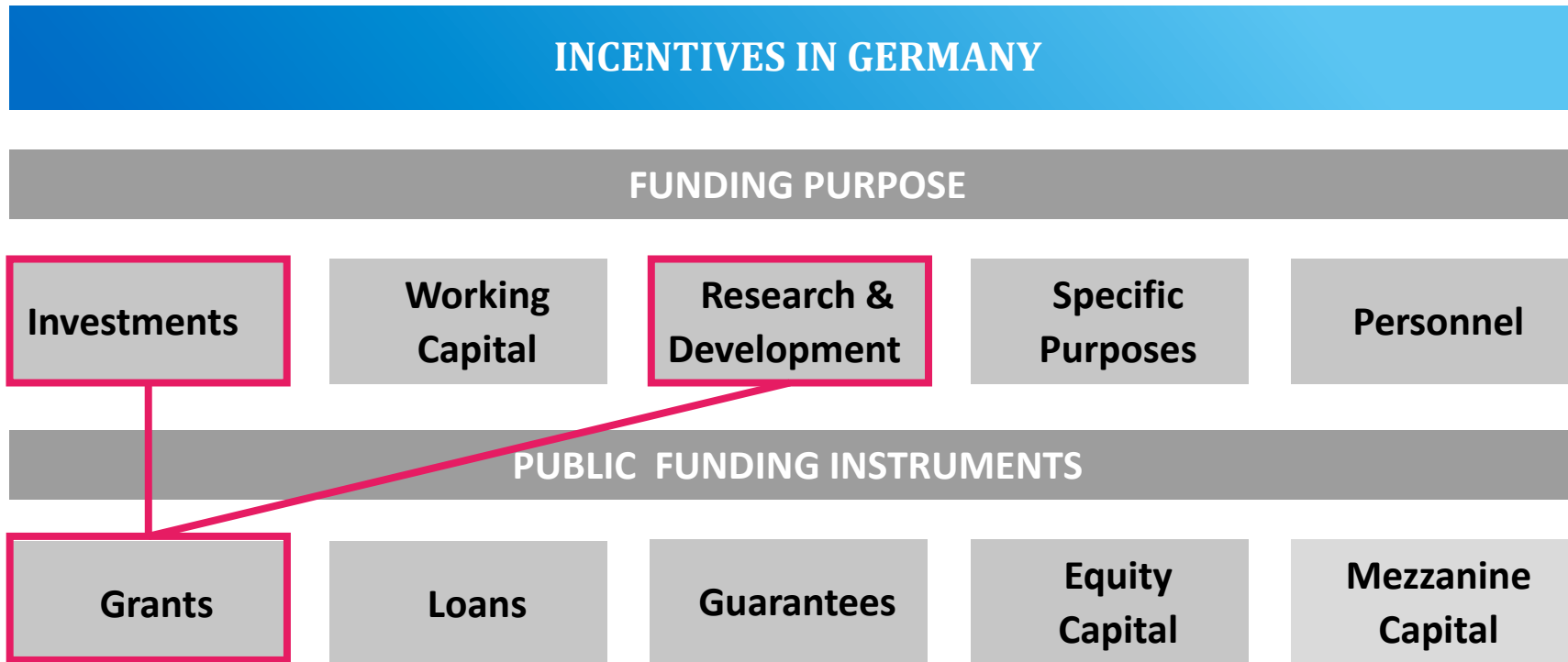
- Pension Insurance 18.7 %
- Health Insurance 14.6 %²
- Unemployment Insurance 3.0 %
- Nursing Care Insurance 2.35 %³
- Accident Insurance 1.22 %¹



1) Average contribution rate levied for 2014 according to DGUV (the umbrella association of German Statutory Accident Insurance). 2) Health insurance contributions: 14.6% are shared equally between employer and employee. Each Health insurance company individually may impose additional contribution onto employee. Statutorily defined average for additional contribution for 2015: 0.9%. 3) Childless employees pay an extra contribution of 0.25 % on top of their nursing care contributions. Note: The employer withholds the employee's share of social security contributions from the salary and pays it together with his/her own share to the health insurance.

Incentives

Companies with a German presence can profit from attractive incentives - various public funding instruments are available.



Incentives

Investment Grants are offered as non-repayable cash grants covering up to 40%¹ of the eligible costs

Investment Grant (“Joint Task Program”)

Eligible • Most manufacturing industries

Industries: • Certain service industries

Eligible costs: • Investment related **capital expenditures** for new buildings, machinery, equipment etc. or
• **Personnel costs** for 2 years

Requirements: • Creation of long-term “quality” jobs
• Subsidized equipment must remain onsite for at least 5 years
• 50 % of expected turnover to be generated outside a 50 km radius

Offered in: Specific regions throughout Germany

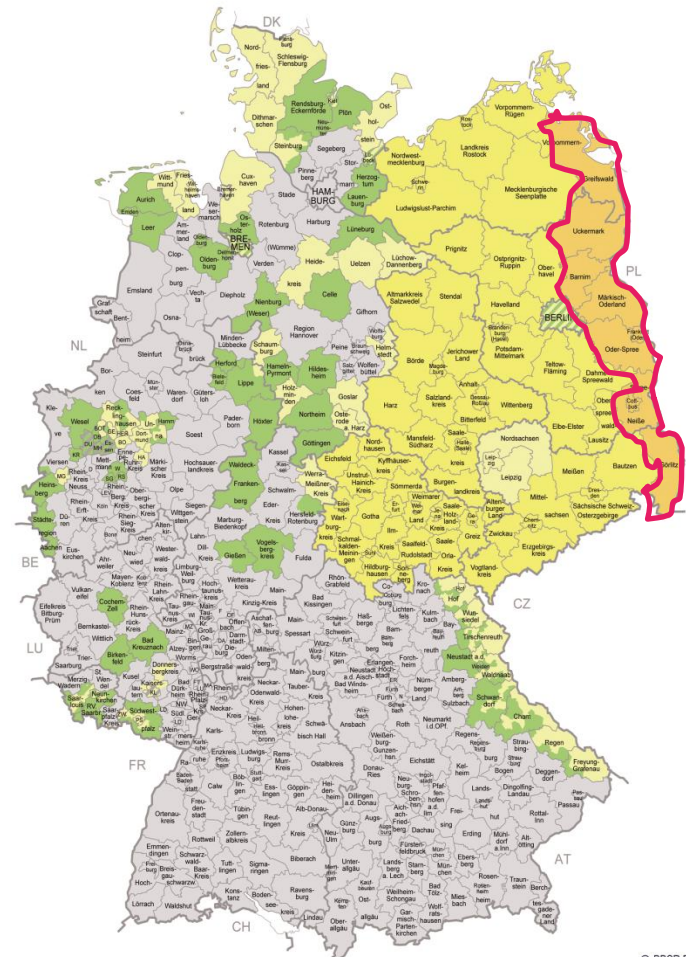
*Note:*¹ depending on investment location, company size, investment volume, and respective Federal State Investment Grant regulation

Incentives

Eastern Germany offers the highest rates of investment grants - aid intensity also depend on e.g. company size and investment volume.

| Company Size | Small | Medium-sized | Large |
|--|----------|--------------|------------------|
| Predefined C Region¹ | max. 35% | max. 25% | max. 15% |
| Border area to Poland | max. 40% | max. 30% | max. 20% |
| Non-predefined C Region | max. 30% | max. 20% | max. 10% |
| D Region | max. 20% | max. 10% | max. EUR 200,000 |

Timeframe: 01.07.2014-31.12.2020



Note: ¹ until 31.12.2017, aid intensity 2018-2020 five percentage points lower as in „Non-predefined C regions“

Incentives

R&D support is offered on national and federal state level and focuses on grants.

German R&D Support

- High-Tech Strategy 2020 with focus on e.g.:
 - **Healthy Life**
 - **Intelligent Mobility**
 - **Digital Economy & Society**
- Technology-open programs for SME (e.g. Central Innovation program, *ZIM*)
- Regional support (federal state level)

Defining R&D Project

- Developing new and innovative products or processes
- Fixed objectives, timeline and costs

Grant Level

- Up to 50% of eligible project costs
- Higher rates for SME and joint R&D projects possible

Incentives




High-Tech Strategy 2020 - Focus Healthy Life: Framework program for Health Research



Incentives

Germany offers excellent conditions for Japanese companies looking for a European presence.

General Requirements Public Funding

-  Investment / R&D project carried out in Germany
-  Physical company presence in Germany
-  Commercialization of results in Germany



ご清聴ありがとうございました

質疑応答



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